



## **How UIA Charges an Employer's Account For Benefits**

**What the law says:** This issue is covered by Sections 20, 32(b), and 29(1) of the *Michigan Employment Security Act*, and by Administrative Rule 205. The law says that when a new claim is filed, the Unemployment Insurance Agency (UIA) must notify the unemployed worker's last employer, and each of the employers in the base period of the claim, about potential charges to the employers' accounts.

The UIA mails out Form UIA 1575-WR, "Monetary Determination," showing the wages employers reported for the unemployed worker, the unemployed worker's weekly benefit amount, the number of weeks of benefits payable to the unemployed worker, the maximum possible charge to each employer, and the reason the unemployed worker gave for the separation from employment.

### **Form UIA 1575-WR, "Monetary Determination"**

In some cases, the employer will disagree with the reason given for the separation, as reported by the claimant and shown on the Form. In that case, the employer should provide the reason they believe was the accurate one.

If the Form shows that the individual reported a "Quit" from the employer, the quit will be presumed to have been disqualifying and the employer's account will automatically be "non-charged" for any benefits paid to the claimant. If the reason shown is "Fired," and the UIA has not sent the employer specific questions about the firing, the employer should advise the Agency, in writing, of the circumstances. If the circumstances of the firing would result in a disqualification of the worker, the UIA will issue a "Redetermination of Charges" and the employer's account will not be charged for any benefits otherwise payable to the claimant. Benefits may become payable to a claimant, even if the circumstances were disqualifying, if the claimant is able to requalify by "rework." If a claimant requalifies for benefits, the benefits become payable even if the separation was disqualifying. The employer's interest in responding to a request for information from the UIA, or in providing information in the absence of a request, is not to prevent the payment of benefits, but rather to prevent those benefits from being charged to the employer's account.

If the employer notices a discrepancy in the wages shown, or in the reason for separation, and the employer believes the unemployed worker's reason for separation would prevent the charging of benefits to the employer, then the UIA must receive corrected information from the employer, in writing, within 10 days from the date the UIA mailed the form to the employer (or within 30 days if the separation reason was "quit").

If the employer does not provide corrected information within that 10-day (or 30-day for "quit") period, benefits will be paid on the basis of the information the UIA has on file. If benefits later need to be reduced or repaid by the unemployed worker, the employer's account will be credited only as to payments due for the week the corrected information is received by the UIA, and weeks thereafter.

The Form UIA 1575-WR is the only determination Form that will be sent to the employer and unemployed worker if the unemployed worker has already requalified for benefits and if the employer agrees with the wage information and charges to its account.

### **Form UIA 1955, "Redetermination of Charges"**

If the employer responds in writing to Form UIA 1575-WR and requests (with supporting reasons) that charges not be made to its account, the UIA will consider whether the reason for the claimant's separation was disqualifying. The employer's account will not be charged if the separation reason was disqualifying, even though the unemployed worker may have already requalified for benefits and is being paid. Form UIA 1955 will notify the employer whether the UIA will be charging the employer's account. This will often be the Redetermination the employer appeals to an Administrative Law Judge.

### **Form UIA 1707, "Request for Information Relative to Possible Ineligibility or Disqualification;" Form UIA 1713, "Fact-Finding Form;" Form UIA 1302, "Nonmonetary Determination"**

If the unemployed worker has not already requalified for benefits at the time the claim is filed, then the employer will also be sent Form UIA 1713 or Form UIA 1707. These forms ask for details about the claimant's separation from employment. The employer's answers to these questions, along with the unemployed worker's

statement, will be considered in determining whether the unemployed worker will be disqualified from receiving benefits. The UIA will issue Form UIA 1302, "Nonmonetary Determination," indicating whether the unemployed worker will be disqualified from benefits.

**To prevent potential charges to its account the employer should:**

- Carefully review Form UIA 1575E-WR and look to see if the wage and separation information shown on the Form is correct. If the information is incorrect, the employer has 10 days to send a protest to the UIA (30 days for a quit).
- Provide the correct information along with supporting facts and documents explaining the reason the employer believes the claimant should be disqualified for benefits. Or the employer should request to be non-charged if they are a base period employer and the claimant has met the requalification requirement.
- Respond to the UIA's request for information about the separation. The UIA will mail Form UIA 1713 or Form UIA 1707 to the employer if the Agency knows that the reason for separation was a "benefit reducing" reason such as theft, theft after discharge, willful destruction of property, assault and battery, or discharge for drugs. If Form UIA 1713 or Form UIA 1707 is not sent to the employer, and the separation reason shown is something other than "quit," the employer should provide, within 10 days, written information about the separation in response to Form UIA 1575-WR.
- Notify the UIA if they know that an unemployed worker left his/her job with the employer to take a full time permanent job with another liable Michigan employer and performed work for the new employer, or accepted recall or referral through a union hiring hall.
- Notify the UIA if the unemployed worker was a part-time employee and quit, but continued to work for another employer.
- Notify the UIA if the unemployed worker is the spouse of an active duty military person and quit to move with the military spouse to a new geographic location assigned by the military.
- Notify the UIA if the worker quit after a work period of not more than 60 days.

**How employers will be charged for benefits**

If any employer paid a worker \$200 or less in the base period of the claim, that employer's account will not be charged for any benefits on that claim.

**Last Employer**

If the wages paid by the unemployed worker's last employer before the unemployed worker filed a new claim equaled at least

40 times the state minimum hourly wage times 7 (\$2072), then the entire benefit payment for each of the first 2 weeks of the claim will be charged to the unemployed worker's last employer.

If the last employer did not pay the unemployed worker at least \$2,072, then each week of benefits, beginning with the first week, will be charged, proportionately, to all base period employers. The separating employer may or may not be a base period employer.

**Base Period Employer(s)**

The base period employers are charged their proportionate share of the unemployed worker's weekly benefit payments beginning with week 3 of benefits (assuming the last employer was charged for the first 2 weeks of benefits).

The proportionate charging of benefits is calculated by determining the percentage of the unemployed worker's total base period wages that were paid by each base period employer. That same percentage is then applied to the unemployed worker's weekly benefit amount to determine the amount of each week's benefits that are charged to the account of each base period employer.

**Example:**

The unemployed worker has a weekly benefit amount of \$118.00, and is entitled to 16 weeks of benefits. The first 2 weeks will be charged to the last employer. The unemployed worker received wages in each of the quarters of the base period as follows:

**Charges to Base Period Employers:**

QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6
A=\$350 B=\$150	A=\$500 B=\$900 C=\$1500	A=\$250 B=\$250	D=\$500	LAG	D=\$2,100 FILING

There are 4 different base period employers in the base period shown above. Total wages paid in the base period are \$4,400. Of that amount, each base period employer paid the unemployed worker the following amounts in the base period:

**Employer A paid a total of \$1,100**

(\$350, \$500, and \$250 in quarters 1, 2, and 3, respectively)

**Employer B paid a total of \$1,300**

(\$150, \$900, and \$250 in quarters 1, 2, and 3, respectively)

**Employer C paid a total of \$1,500**

(in quarter 2)

**Employer D paid a total of \$500**

(in quarter 4)

Each base period employer's proportionate share of total wages paid to the unemployed worker in the base period is as follows:

**Employer A** =  $\$1,100 \div \$4,400 = .25 = 25\%$

**Employer B** =  $\$1,300 \div \$4,400 = .2954.54 = 29.5454\%$ , truncated to 29.545%, rounded to 29.55%

**Employer C** =  $\$1,500 \div \$4,400 = .340909 = 34.0909\%$ , truncated to 34.090%, rounded to 34.09%

**Employer D** =  $\$500 \div \$4,400 = .113636 = 11.3636\%$ , truncated to 11.363%, rounded to 11.36%

These percentages represent each employer's proportionate share of the unemployed worker's base period wages. If the percentages do not total 100%, then the amount needed to bring the total to 100% will be added to the percentage share of the employer with the largest pro rata share of the benefit charge.

These are the same percentages that are multiplied against the unemployed worker's weekly benefit amount to determine each employer's share of the charge for the unemployed worker's weekly benefit payment. In this example, the unemployed worker has a weekly benefit amount of \$118.00, and was entitled to benefits for 18 weeks.

**Employer A's account** will be charged 25% of the weekly benefit charges.

$$.25 \times \$118 = \$29.50$$

**Employer B's account** will be charged 29.55% of the weekly benefit charges.

$$.2955 \times \$118 = \$34.87$$

**Employer C's account** will be charged 34.09% of the weekly benefit charges.

$$.3409 \times \$118 = \$40.23$$

**Employer D's account** will be charged 11.36% of the weekly benefit charges.

$$.1136 \times \$118 = \$13.40$$

If, after rounding, the benefit charges do not total the unemployed worker's weekly benefit amount, the difference will be added to the charge of the employer with the largest charge.

The maximum possible liability each base period employer will have on this claim is as follows:

Employer A :  $\$29.50$  for 16 weeks = \$472.00

Employer B:  $\$34.87$  for 16 weeks = \$557.92

Employer C:  $\$40.23$  for 16 weeks = \$643.68

Employer D:  $\$13.40$  for 16 weeks = \$214.40

**Total Charges to Last Employer's Account:**

Since Employer D was both a base period employer and the last employer, and Employer D paid wages greater than \$2,072, Employer D will also be charged 100% of the first two weeks of benefits.  $100\% \times \$118 = \$118$ , for 2 weeks = \$236.00.

Therefore, the potential charge to the account of Employer D is \$214.40 (proportionate share of base period wages) plus \$236.00 (100% of first 2 weeks of benefits), for a grand total of \$450.40.

**Proof at the Hearing:** If the subject of the hearing, as described in the "Notice of Hearing," is the amount and duration of benefits as described in the "Monetary Determination" (Form UIA 1575-WR), then either the unemployed worker or the employer can disagree with the UIA's calculation, or with the wages that formed the basis of the UIA's calculation.

If the subject of the hearing is whether the employer's account should be charged, as described in the "Redetermination of Charges" (Form UIA 1955), then the employer will have the burden of proving that the circumstances of the claimant's separation from employment were disqualifying (even if the unemployed worker has requalified for benefits and started receiving them).

If the subject of the hearing is whether the unemployed worker is entitled to benefits, as described in the "Non-Monetary Determination" (Form UIA 1302), then the employer has the burden of showing that the separation was disqualifying (for example, that the discharge was for misconduct or the quit was without good cause attributable to the employer) and the benefits are not payable. The unemployed worker has the burden of showing that the separation was not disqualifying and benefits should be payable (for example, that the discharge was not for misconduct or the quit was with good cause attributable to the employer).

**For Further Help:** The UIA Advocacy Program can provide assistance to employers and/or unemployed workers in preparing for an Administrative Law Judge hearing. Call 1-800-638-3994, Item 2.